

**DECKERVILLE PUBLIC LIBRARY**

Deckerville, Michigan

Report on Financial Statements

March 31, 2004

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <i>Decker Public Library</i>	County <i>Sanilac</i>
Audit Date <i>3-31-04</i>	Opinion Date <i>6-18-04</i>	Date Accountant Report Submitted to State: <i>6-24-04</i>	

We have audited the financial statements of this local unit of government and have issued an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <i>Anderson, Tuckey, Bernhardt &amp; Doran, P.C.</i>			
Street Address <i>715 E. Frank St.</i>	City <i>Caro</i>	State <i>MI</i>	ZIP <i>48723</i>
Accountant Signature <i>Gary R. Anderson CPA</i>			

## Table of Contents

### Page Number

#### **REPORT OF INDEPENDENT AUDITOR'S**

#### **GENERAL PURPOSE FINANCIAL STATEMENTS**

<i>Balance Sheet</i>	<i>1</i>
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i>	<i>2</i>
<i>Statement of Revenue, Expenditures and Changes in Fund Balance - Budget &amp; Actual - General Fund</i>	<i>3</i>
<i>Notes to the Financial Statements</i>	<i>4 - 6</i>

#### **SUPPORTING SCHEDULES**

<i>Schedule of Revenues</i>	<i>7</i>
<i>Schedule of Expenditures</i>	<i>8</i>

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

June 18, 2004

## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Deckerville Public Library  
Deckerville, MI 48427

Dear Board Members:

We have audited the financial statements of the **Deckerville Public Library**, Deckerville, Michigan, as of March 31, 2004 and for the year then ended, as listed in the Table Of Contents. These financial statements are the responsibility of the Deckerville Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Deckerville Public Library** as of March 31, 2004 and the results of its operations for the year then ended, in conformity with the U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of **Deckerville Public Library**, Deckerville, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

# DECKERVILLE PUBLIC LIBRARY

Balance Sheet  
March 31, 2004

## **ASSETS**

Cash - Checking	\$ 477
Cash - Savings	29,964
Certificates of deposit	<u>37,019</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 67,460</u></b>

## **LIABILITIES AND FUND EQUITY**

Liabilities:	<u>                    </u>
Fund Equity	<u>\$ 67,460</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 67,460</u></b>

The accompanying notes are an integral part of the financial statements.

## DECKERVILLE PUBLIC LIBRARY

### Statement of Revenues, Expenditures, And Changes In Fund Balance For The Year Ended March 31, 2004

REVENUES:	
Property taxes	\$ 26,982
State Aid	4,116
Services	1,258
Interest	1,176
Penal Fines	22,159
Donations	1,108
Miscellaneous	<u>1,520</u>
TOTAL REVENUES	<u>58,319</u>
EXPENDITURES:	
Salaries and employee benefits	34,643
Library materials	16,969
Operational	16,218
Capital outlay	<u>-</u>
TOTAL EXPENDITURES	<u>67,830</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(9,511)
FUND BALANCE - APRIL 1	<u>76,971</u>
FUND BALANCE - MARCH 31	<u><u>\$ 67,460</u></u>

The accompanying notes are an integral part of the financial statements.

# DECKERVILLE PUBLIC LIBRARY

## Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund March 31, 2004

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Property taxes	\$ 25,000	\$ 26,982	\$ 1,982
State aid	3,300	4,116	816
Services	1,025	1,258	233
Interest	1,300	1,176	(124)
Fines	24,400	22,159	(2,241)
Donations	1,800	1,108	(692)
Miscellaneous	2,175	1,520	(655)
TOTAL REVENUES	<u>59,000</u>	<u>58,319</u>	<u>(681)</u>
EXPENDITURES:			
Salaries and employee benefits	31,600	34,643	(3,043)
Library materials	13,970	16,969	(2,999)
Operational	13,430	16,218	(2,788)
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>59,000</u>	<u>67,830</u>	<u>(8,830)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,511)	(9,511)
FUND BALANCE - APRIL 1	<u>76,971</u>	<u>76,971</u>	-
FUND BALANCE - MARCH 31	<u>\$ 76,971</u>	<u>\$ 67,460</u>	<u>\$ (9,511)</u>

The accompanying notes are an integral part of the financial statements.



**DECKERVILLE PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended March 31, 2004

**NOTE 1 - DESCRIPTION OF DISTRICT LIBRARY OPERATIONS:**

The Deckerville Public Library is located in the Village of Deckerville, Michigan. The Deckerville Library was organized on July 29, 1924. The Library is under the supervision and control of the Library Board.

**REPORTING ENTITY:**

The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. generally accepted accounting principles. The basic – but not the only – criteria for including an agency, institution, authority, or other organization in the governmental unit's reporting entity is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to; the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. Based on these criteria the reporting unit includes only the operations of the Deckerville Public Library.

The Deckerville Public Library was not included in the Village of Deckerville's reporting entity. This potential component unit has a separate elected and/or appointed board and provides services to residents generally within the village boundaries. The library was excluded from the Village's reporting entity because the Village does not have the ability to exercise influence or control over the library's daily operations, approve budgets or provide funding.

The accounting policies of the Deckerville Public Library conform to the U.S. generally accepted accounting principles as applicable to local units of government. The follow is a summary of the more significant policies.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**BASIS OF ACCOUNTING:**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements have been prepared in the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income, gross receipts, and sales taxes are considered measurable when in the hands of the fiscal intermediary and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) inventories of materials and supplies which are considered expenditures either when purchased or used; (2) accumulated unpaid vacation, sick pay, and other amounts are not accrued; and (3) principal and interest on general long-term debt is recognized when due.

**FUND ACCOUNTING:**

The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The general fund is the general operating fund of the Library. It is used to account for all financial resources except those which are required to be accounted for in another fund. Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. Fixed assets used in general operations are accounted for in the general fixed assets account group. Long-term liabilities expected to be financed from the general fund are accounted for in the general long-term debt account group. The two account groups are not funds. The account groups are only concerned with the measurement of financial position. The account groups are not involved with the measurement of results of operations.

**DECKERVILLE PUBLIC LIBRARY**  
**Notes To The Financial Statements**  
**For The Year Ended March 31, 2004**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGET PROCESS:**

The Library Board follows these procedures in establishing the budget data reflected in the financial statements:

1. Prior to April 1, the Library Board develops a proposed operating budget for the fiscal year beginning April 1. The operating budget includes the proposed expenditures and the means for financing these expenditures.
2. Public hearings are held to obtain resident-taxpayer comments.
3. The annual operating budget for the Library is adopted at the meeting held in March each year.
4. The Library Board, at its public meetings held throughout the year, amends the operating budget to meet the changing needs of the Library as they occur. The adopted budget is on a functional category basis.

**DEFICIT FUND BALANCES:**

None of the funds of the Deckerville Public Library had a deficit balance as of March 31, 2004.

**USE OF ESTIMATES:**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ENCUMBRANCES:**

Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Library does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

Section 18 (1), Act 621, P.A. 1978, as amended, provides that a local government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Library's actual and budgeted expenditures have been shown on a functional category basis. The approved budget is on a functional category basis.

During the year ended March 31, 2004, the Library incurred expenditures in excess of the amounts appropriated in three budget categories with a total over expenditure of \$8,830.

**NOTE 3 - PROPERTY AND EQUIPMENT:**

**FIXED ASSETS:**

Fixed assets are recognized as expenditures of the general fund and at the same time become additions to the general fixed assets account group. No provision for depreciation is recognized in the fund or account group. All fixed assets are valued at historical cost or appraised value, if historical cost is not available.

In October 1945, the Deckerville Public Library donated all its assets including the building, books, office furniture and fixtures, office equipment, and all other related assets to the Village of Deckerville. The library does not have a general fixed assets account group.

**DECKERVILLE PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended March 31, 2004

**NOTE 4 - PENAL FINES:**

The Library's main source of revenue is penal fines from Sanilac County. Sanilac County makes payments on an annual basis to the Library for their share of the penal fines collected by the County.

**NOTE 5 - DEPOSITS:**

Deposits are carried at cost. Deposits of Deckerville Public Library are at a bank in the name of Deckerville Public Library.

The Governmental Accounting Standards Board Statements No. 3 risk disclosures for the General Fund cash deposits are as follows:

**GENERAL FUND CARRYING AMOUNT**

Cash	<u>\$67,460</u>
TOTAL	\$67,460

At year-end, the carrying amount of the Library's deposits was \$67,460 and the bank balances was \$74,028 all of which was covered by federal depository insurance.

**NOTE 6 - RISK MANAGEMENT:**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above-described activities.

**NOTE 7 - PENSION PLAN:**

The Library has no pension plan.

## **SUPPORTING SCHEDULES**

# DECKERVILLE PUBLIC LIBRARY

## Schedule of Revenues Year Ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Property taxes	\$ 25,000	\$ 26,982	\$ 1,982
State Aid	3,300	4,116	816
Services	1,025	1,258	233
Interest	1,300	1,176	(124)
Fines:			
Library fines	600	659	59
Penal fines	23,800	21,500	(2,300)
Total Fines	24,400	22,159	(2,241)
Donations	1,800	1,108	(692)
Miscellaneous:			
Book sales	515	890	375
Miscellaneous	60	630	570
Building fund	1,600	-	(1,600)
Total Miscellaneous	2,175	1,520	(655)
TOTAL REVENUES	<u>\$ 59,000</u>	<u>\$ 58,319</u>	<u>\$ (681)</u>

See the accompanying notes.

# DECKERVILLE PUBLIC LIBRARY

## Schedule of Expenditures Year Ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Salaries & Employee Benefits:			
Salaries & Benefits	<u>\$ 31,600</u>	<u>\$ 34,643</u>	<u>\$ (3,043)</u>
Total Salaries & Employee Benefits	<u>31,600</u>	<u>34,643</u>	<u>(3,043)</u>
Library Materials:			
Books, Magazines & videos	<u>13,970</u>	<u>16,969</u>	<u>(2,999)</u>
Total Library Materials	<u>13,970</u>	<u>16,969</u>	<u>(2,999)</u>
Operational:			
Public relations	475	323	152
Treasurer	200	-	200
Communications and technology	1,000	765	235
Seminars & transportation	235	271	(36)
Utilities	3,600	5,380	(1,780)
Repairs & maintenance	2,000	2,473	(473)
Office supplies & postage	500	548	(48)
Dues	2,300	2,262	38
Other operating expenses	<u>3,120</u>	<u>4,196</u>	<u>(1,076)</u>
Total Operational	<u>13,430</u>	<u>16,218</u>	<u>(2,788)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 59,000</u>	<u>\$ 67,830</u>	<u>\$ (8,830)</u>

See the accompanying notes.